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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Mike V. Naples

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EXAMINER

STERRETT, JONATHAN G

ART UNIT

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/631,837	Applicant(s) NAPLES ET AL.	
	Examiner JONATHAN G. STERRETT	Art Unit 3623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 September 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-39 and 85 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-39, 85 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Summary

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 17 September 2009 has been entered.

This **Non-Final Rejection** is responsive to the amendment of 17 September 2009. Currently **Claims 1-39 and 85** are examined below. .

Response to Argument

2. The arguments have been fully considered but are not persuasive

The applicant argues that Dwyer fails to teach an ROI as per the claims, because Dwyer teaches a lifetime valuation of a campaign.

The examiner respectfully disagrees.

Dwyer teaches in Exhibit 1 a net present value calculation of the costs vs. the monetary benefits of a marketing mailing (i.e. a campaign). This NPV calculation is a return on investment calculation in that it shows the net return, i.e. the present value of costs and revenues in the future discounted to the present. The applicant argues that it

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is not an "ROI" calculation, however this is not what is claimed. The claims say a "return on investment" which is met by an NPV calculation since a net present value is a measure of a return on investment. The return is measured by the amount or value of the cash flow for the investment, where the cash flow (revenues and costs) are discount to the present value.

Even assuming arguendo that the applicant amended the claim to recite specifically "ROI", this measurement is known in the art of finance to be the discount rate that results in the net present value being zero. Thus, one of ordinary skill in the art would recognize the equivalency of calculating an ROI once a financial model existed (such as taught by Dwyer) where the discount rate (Dwyer uses 20% or .2 - see Exhibit 1) would be adjusted to set the NPV to zero.

The applicant alleges that the examiner has read out of the claims the limitations regarding the costs claimed in claims 2-6.

The examiner respectfully disagrees.

The applicant, beyond making this allegation, has not provided any evidence or rationale why the calculation of a return on investment would change depending on whether an input cost is labeled a "mailing list" cost or a "printing" cost. Actually, the way costs are handled within a return on investment calculation (NPV or ROI) does not change regardless of what the cost is. For example, if a cost occurs in year 2 in an NPV calculation, that cost is discounted back to year 0. It does not matter that the cost

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is labeled a "mailing list" cost or a "printing" cost, because the cost is handled by the NPV or ROI calculation the same way.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 14-26 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim 14 is a system comprised of "means for". The means for is interpreted as software components or modules, not tangibly embodied on computer readable medium. Software that is not tangibly embodied on a computer readable medium is considered software per se (i.e. printed matter) and is not statutory under 35 USC 101. Claims 15-26 depend on claim 14 and are similarly not statutory.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 14-26 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

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Claim 14 is rejected as being indefinite because it is not clear that the applicant intends to invoke 112 6th. MPEP 2181 sets forth a 3 pronged test for invocation of 112 6th:

- (A) the claim limitations must use the phrase “means for ” or “step for; ”
- (B) the “means for ” or “step for ” must be modified by functional language;
and
- (C) the phrase “means for ” or “step for ” must not be modified by sufficient structure, material, or acts for achieving the specified function

With respect to Claim 14, at least the limitation of means for receiving a product cost and means for determining a return on investment fails step (c).

With respect to Claim 20, the limitation of means for determining a total shipping cost fails step (c).

With respect to Claim 22, the limitation of means for determining a direct mail marketing campaign cost and means for determining a net profit and means for determining a return on investment fail step (c).

With respect to Claim 24, the limitation of means for determining a lifetime value of the customer and the campaign and means for determining a number of customers fail step (c).

Claims 15-19, 21, and 23-26 depend on Claim 14 and are also indefinite at least for the reasons given above for Claim 14.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. **Claims 1-39 and 85** is rejected under 35 U.S.C. 103(a) as being unpatentable over Dwyer, FR, "Customer Lifetime Valuation to Support Marketing Decision Making", 1997, Journal of Direct Marketing, Volume 11, Issue 4, John Wiley & Sons, pp.6-13.(hereinafter **Dwyer**) in view of "Quantitative approaches for profit maximization in direct marketing", 1998, H van der Scheer - dissertations.ub.rug.nl (hereinafter **Scheer**)

Regarding **Claim 1**, Dwyer teaches:

**1. A method of evaluating a direct mail marketing campaign, comprising:
receiving a value representing a number of customers targeted for the
direct mail marketing campaign;**

Exhibit 1 page 10, subs (i.e. subscriptions) targeted for direct mail
**receiving a production cost of the direct mail marketing campaign;
wherein the production cost includes a fixed price component for the direct
mail marketing campaign and an average price component per mailing unit for
the direct mail marketing campaign;
receiving financial information for the direct mail marketing campaign;**

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Exhibit 1 page 10, direct costs are costs associated with direct mail to get the subs to renew. – financial information (i.e. a discount rate is financial information).

determining the return on investment of the direct mail marketing campaign based on the production cost, shipping service cost, and financial information; and outputting the return on investment of the direct mail marketing campaign

Exhibit 1 page 10, NPV/M is a return on investment figure (i.e. a net present value or NPV figure measures return on investment according to a discount rate).

The formulas used in this figure are financial information necessary to calculate a net present value (i.e. a return on investment). Direct costs of conducting the mailing are direct costs in that they are directly associated with producing the mailing.

Dwyer teaches calculating an NPV which implies a financial calculation to balance costs versus revenues. Dwyer teaches that part of this cost is "direct cost". While Dwyer teaches that cost for mailings is part of analyzing the return on investment for a lifetime value of customers, Dwyer does not teach explicitly the shipping cost. However, Official Notice is taken that shipping cost is known in the art of direct mailing to be part of the expenditure and would have provided a predictable result in combination with the teachings of Dwyer because Dwyer's NPV takes into account direct costs associated with estimating the expenditures required to perform a direct mail campaign.

Dwyer does not teach:

wherein the production cost includes a fixed price component for the direct mail marketing campaign

Scheer teaches:

wherein the production cost includes a fixed price component for the direct mail marketing campaign

Page 9 bottom – the cost of mailing a single piece of mail (i.e. the variable costs) and the fixed cost - i.e. a fixed price component for the direct mail marketing program - since Scheer is teaching how to quantitatively analyze a mailing program.

See also page 141 bottom para – here Scheer suggests taking the fixed cost component into account because of the practice of ensuring a minimum number of mailings to ensure that fixed costs do not dominate variable costs.

Dwyer and Scheer both address how to optimize the efforts of direct mail marketing, thus both Dwyer and Scheer are analogous art.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Dwyer regarding performing an NPV analysis of direct mail marketing to determine a return on investment, to include taking a fixed cost component into account, as taught by Scheer, because it would have ensured identifying a minimum number of mailings to determine a break-even point for the

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financial analysis (i.e. a break-even point identifying where the benefit of the mailing equals the fixed and variable costs).

Regarding **Claims 2-6**, Dwyer teaches receiving a direct cost to determine a return on investment, Dwyer does not teach the various costs recited, however the recited method steps would be performed the same regardless of the specific data. Further, the structural elements remain the same regardless of the specific data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP ' 2106

Regarding **Claim 7**, Dwyer teaches shipping cost (Exhibit 2 under "Distribution and Account Maintenance". Dwyer does not teach discounting the shipping rate by a discount where the discount is applied to this shipping rate.

However, Official Notice is taken that discounting shipping rates is old and well known in the art of shipping and would have been obvious by a person of ordinary skill in the art at the time of the invention and would have provided a predictable result in combination with the ROI teachings of Dwyer because it would have reflected the NPV realized from the actual amount spent on shipping.

Regarding **Claim 8**, Dwyer teaches:

8. The method according to claim 1, wherein receiving financial information comprises:

receiving a response rate; and receiving an expected price of items marketed in the direct mail marketing campaign.

Figure 2 shows a probability of responding (i.e. a response rate) and an expected purchase "E", an expected price.

Regarding **Claim 9**, Dwyer teaches:

9. The method according to claim 8, wherein determining the return on investment comprises:

determining a direct mail marketing campaign cost based on the production and shipping costs;

receiving a close ratio;

determining a gross profit for the items marketed in the direct mail marketing campaign;

determining a net profit based on the gross profit and the direct mail marketing campaign costs; and

determining the return on investment based on the net profit and the direct mail marketing campaign costs.

Exhibit 1 shows a close ratio (i.e. rate of responses), a gross and net profit based on total revenue and total revenue less direct costs - the bottom shows an NPV (i.e. a return on investment).

Regarding **Claim 10**, Dwyer teaches:

10. The method according to claim 1, further comprising determining a lifetime value of the marketing campaign.

Exhibit 1 and 2 – since Dwyer is modeling customers response to marketing campaigns with an estimated NPV of this over time - this is an estimate of the lifetime value of the campaign.

Regarding **Claim 11**, Dwyer teaches:

11. The method according to claim 10, wherein determining the lifetime value of the marketing campaign comprises:

receiving a value of a sale; receiving a number of sales per year; receiving a number of years retained;

Exhibit 1 section B: value of a sale - \$15; number of sales per year: 1000 subs (subscriptions); number of years retained – years 1-5.

receiving a retention rate;

Exhibit 1/B section A under "Account Maintenance"

determining a lifetime value of the customer based on the sale value, number of sales per year, number of years retained, number of targeted customers;

Exhibit 1/B – bottom line – NPV is a lifetime value of the customer based on sale value, sale per year – years retained (5) and those targeted.

determining a number of customers acquired based on the financial information of the direct mail marketing campaign and number of targeted customers; and

Exhibit 1/B – the various years show the number of customers acquired in that year.

determining the lifetime value of the campaign based on the number of customers acquired, retention rate, and a lifetime value of the customer.

Exhibit 1/B – the lifetime value (note Dwyer's teaching if regarding a Lifetime Value – or LTV) is measured as an NPV – in this example it is \$,20684

Regarding **Claim 12**, Dwyer teaches:

**12. The method according to claim 11, further comprising:
receiving a number of touches per year; and**

Exhibit B – a goodwill greeting card (i.e. a touch per year) is sent to customers.
determining a lifetime mailing investment.

Exhibit B – the cost of pursuing a marketing campaign versus the revenues (i.e. used to calculate the NPV) is the determination of a lifetime mailing investment.

Regarding **Claim 13**, Dwyer teaches:

13. The method according to claim 1, wherein outputting the return on investment comprises:

generating an executive summary; and

outputting the executive summary.

Exhibit 1 page 10

Claims 14-39 and 85 recited similar limitations to those addressed above by the rejection of **claims 1-13** and are rejected according to a similar rationale.

Furthermore regarding **Claims 14-39 and 85**, Dwyer does not explicitly teach using a computer system for performing the method, including using a GUI interface to enter data into a software package, however Official Notice is taken that automating method steps, including using a GUI interface and a computer system are old and well known in the art and would have been obvious to combined with the method steps taught by Dwyer by one of ordinary skill in the art at the time of the invention because it would have provided the benefit of perform the method steps faster and more efficient since they are performed using a computer system with a GUI interface. Furthermore, automating the method steps taught by Dwyer does not convey patentability since it amounts to automating a known process (in re Venner).

Conclusion

6. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

http://en.wikipedia.org/wiki/Rate_of_return

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http://en.wikipedia.org/wiki/Net_present_value

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jonathan G. Sterrett whose telephone number is 571-272-6881. The examiner can normally be reached on 8-6.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Beth Boswell can be reached on 571-272-6737. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

JGS 12-28-09

/Jonathan G. Sterrett/

Primary Examiner, Art Unit 3623

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